



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

PENSIONS AND INSURANCE

Since the publication of the Report of Committee P, with Supplementary Statement, in the January-February issue of the BULLETIN, various matters relating to subjects dealt with in that report have come before the Chairman of the Committee and the President of the Association. The more important new facts concerning the plans of the Teachers' Insurance and Annuity Association of America are here brought together for the information of members.

I—PROPOSED SYSTEM OF COMPULSORY CONTRIBUTORY ANNUITIES

The plan for compulsory annuities, referred to in the Supplementary Statement, in the last BULLETIN (pp. 35-42), has been withdrawn by the Carnegie Foundation. The President of the Foundation, on February 26, 1919, addressed to the presidents of colleges and universities a letter containing the following:

"Conferences with officers of the colleges have brought out the fact that while these institutions assent quite generally to this [compulsory] principle, some of them regard the matter of obligatory or voluntary participation of newly entering teachers as one to be determined by the college itself as a condition of its own service. They desire also that such of their teachers as may enter upon the contributory plan shall participate in the benefits provided under the new rules—and particularly in the disability benefit—whether their participation be upon an obligatory or upon an optional basis. In view of this expression of opinion, the matter has been taken up afresh by the executive committee and by the trustees of the Foundation, and I am directed to inform you that the Foundation will accept a participation in the contributory plan on the part of the associated colleges whether the college decides to make participation on the part of teachers obligatory or optional."

This communication makes it evident that the opposition to the compulsory contributory plan announced in the Foundation's circular of December 6, 1918 (see preceding BULLETIN, p. 35-36), was so great that the Executive Committee of the Foundation found it advisable to abandon the project.

It is, however, to be observed that the Foundation still adheres to the other provisions of its new rules, and in particular to the second of the features to which objection was made in the Supplementary Statement (p. 38): *viz.*, to the plan of offering disability insurance, and apparently an additional interest of $\frac{1}{2}$ per cent on premiums, out of the funds of the Foundation, in violation of the understanding that these funds were to be set aside for the purpose of fulfilling, as nearly as practicable, the legitimate expectations of

teachers entitled to pensions under the rules in force in 1915. In this connection, attention may be called to the circular letter of President Pritchett to presidents of colleges and universities associated with the Foundation, in which the new rules were originally announced:

"The inspection of the rules as printed in the enclosed statement will make clear that while teachers entering the associated colleges in the future will not receive full paid pensions directly from the Foundation, these teachers will continue to receive privileges of great value, among which is a pension, granted after five years of service, in case of complete disability, based upon a surrender to the Foundation of the teachers' deferred annuity policy. This provision meets a serious need not dealt with under the former rules.

"It will be understood that the great endowment of the Foundation remains untouched. The income from it will be used for many years chiefly in paying the pensions of teachers now in the associated colleges. As this income is released, it will be devoted to the advancement of teaching in the colleges and universities of America along such lines as the trustees may judge to be wisest. The colleges and universities associated with the Foundation will continue to have certain great privileges by reason of that relation."

It still remains the case, therefore, that the present rules of the Foundation anticipate the offering of certain privileges to institutions placed upon the Foundation's "associated list," which privileges will be conferred upon one set of teachers at the expense of another set of teachers (usually in the same institutions) who have in equity a prior claim.

If the Carnegie Foundation sincerely desires to meet its obligations to the men eligible under the former rules, in accordance with its undertaking officially made to this Association, November 21, 1918, it should be made clear that the income of its original capital, with both interest and capital of the recently added reserve fund, are to be devoted without deduction to their original purpose, and not held back for such ulterior objects as are suggested in the recent letter of the President of the Foundation.

II—NON-PARTICIPATING CHARACTER OF THE POLICIES OFFERED BY THE TEACHERS' INSURANCE AND ANNUITY ASSOCIATION

The Report of Committee P (BULLETIN V, pp. 30-31) called attention to the fact that the charter of the new company provides that the corporation shall "transact business exclusively on the non-mutual basis and shall issue only non-participating policies"; and that the contracts actually offered by the Association accordingly contain the clause: "This policy is issued on the non-participating plan. It is not entitled to participate in the surplus of the association."

The President of the new company, however, since the publication of the report of Committee P, has, in public addresses, and in letters to individual members of the committee, stated in substance that

the only way by which the Teachers' Insurance and Annuity Association of America could be organized and authorized to do business under the laws of the State of New York was by limiting its policies to the non-participating form. The chairman of the Committee desires to state to members of the Association that he does not accept as valid the assertion that the new company could not have been organized under the laws of New York and authorized to write participating policies. It would have been entirely practicable for the company to offer insurance at rates of premium which would include sufficient loading to meet the expenses of the company, at the same time issuing participating policies which would give the policyholders a legal right to demand the equitable distribution of the surplus earnings of the company, including the interest upon its endowment as well as the surplus earned from its insurance business. If any special difficulty were experienced, during the early years of the history of the company, in complying with the requirement of the law that participating companies shall pay expenses and maintain their reserve out of premiums before any dividends are declared, this difficulty could have been met by incorporating in the contracts of insurance the provision that no dividends would be paid until two or three years after the policy had been issued. The chairman of the Committee is also informed by competent legal and insurance authorities that, as an alternative to the above method, there would probably have been no difficulty in securing an amendment to the insurance laws of New York providing in substance that, when an insurance company was not operated for profit, as provided by its charter, and when the capital and surplus had been contributed to the corporation by its stockholders, the income from such capital and surplus should be an offset to the expenses of the corporation in fixing the amount of loading.

The chairman of the Committee has seen no satisfactory explanation why one or the other of these plans was not adopted, or why one of them should not be adopted at this time; and he sees no reason to modify in any respect the conclusions on this subject expressed by Committee P in its report.

III—CORRECTIONS IN REPORT OF COMMITTEE P

Certain typographical errors in this report as published in the January-February BULLETIN should be corrected as follows:

Near the foot of page 28, the sentence beginning "If the holder," and the following sentence, should have appeared as a separate paragraph, following the last paragraph on page 29.

In the second paragraph on page 33, the reading should have been: "The committee would regard any attempt by institutions to designate the particular company in which teachers shall invest their savings," etc.

On page 36, paragraph (a) should read: "The Foundation will provide from its income," etc.

Correction should also be made of the reference to Dean Nicolson, of Wesleyan University, as "a former trustee of the Carnegie Foundation."

IV—GROUP INSURANCE

Members of the Association interested in the question of teachers' insurance should bear in mind that several companies are now offering group insurance for university and college faculties at rates considerably lower than their ordinary rates to individuals. Further information about this form of insurance, with comparison of terms, may be expected in the next BULLETIN. A member of Committee P has written as follows to the Secretary concerning the advantages of this plan:

"One attractive feature of the proposed arrangement between colleges and the new Teachers' Insurance Company (managed by the Carnegie Foundation) is the monthly payment of premiums in a lump sum through the treasurer of the college. That plan saves trouble to teacher and treasurer alike, in case the college has agreed to bear some definite part of the cost. Also it centralizes responsibility for keeping the insurance valid as per agreement. It seemed at first not certain that the other insurance companies would consent to a similar arrangement. This question has now a definite answer from one of the strong, old-line companies. Where twenty or more teachers from one institution take such forms of insurance as it offers, it will agree to transact all the business through the college treasurer, by monthly payments. Its policies, by the way, while not exact duplicates of those put out by the Teachers' (Carnegie) Company, are excellent of their kind, and contain a substantial provision for disability.

"It is morally certain that other companies will follow their lead, so that institutions deciding on this complete contractual protection will have the option of a large variety of policies and companies."